<p style="text-align:center">**Mandatory Procedure**</p>

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MP5315.4 ContractPricing

[2019Edition]

1. Proposal Instructions. To facilitatetimely awards of sole source contract actions and definitization ofUndefinitized Contract Actions (UCA) within 180-days after issuanceof the UCA, contracting officers:

a. provide contractors with clear and conciseproposal instructions, including a suspense date for proposalsubmission;

b. require that contractor proposals (bothprime and subcontractors) are submitted as adequate for evaluationand valid for the anticipated time required to conduct evaluation,audit, negotiation and award, with data updates provided until theconclusion of negotiations in accordance with TINA.

c. Include DFARS provision252.215-7009 in sole-source draft and final Requests for Proposals(DRFPs/RFPs) and RFPs for UCAs when the contract value is anticipatedto exceed the threshold for obtaining certified cost or pricing data,and no exception to the requirement to submit certified cost orpricing data applies. (See FAR 15.403-1(b).)

d. Include a provisionsubstantially the same as L-XXX, Cost Proposal Adequacy andStructure, in the solicitation, or as a paragraph within a letterRFP, whenever DFARS provision 252.215-7009 is included. Addparagraph (e) to provision L-XXX, Cost Proposal Adequacy andStructure, only when an electronic version of the cost proposal withactive formulas (e.g., in Excel) is required. Contracting officersmay tailor this provision as necessary to reflect the uniquecircumstances of each acquisition.

L-XXX COST PROPOSAL ADEQUACY AND STRUCTURE

NOTE: *The blue italicized text below represents instructions for thecontracting officer and should be removed prior to incorporatingSection L into the solicitation.*

(a) In response to thisRequest for Proposals (RFP), the offeror shall prepare and submitcertified cost or pricing data and supporting attachments inaccordance with Table 15-2 of FAR 15.408. Further, the offeror shall(1) utilize the DFARS 252.215-7009, *ProposalAdequacy Checklist (PAC)*, inpre-submission proposal quality reviews, and (2) furnish thecompleted checklist as part of their proposal submission.

(1) The responsibility for providing a well-prepared and fully supported cost proposal lies solely with the offeror. The basis and rationale for all proposed costs shall be provided as part of the proposal so that the contracting officer has the information necessary to evaluate the reasonableness of the proposed price.

(2) If the offeror is unsure as to whether a checklist item is required in support of the proposal, or how to adequately comply with a checklist item, the offeror shall contact the contracting officer as soon as possible after receipt of the RFP, but in any case prior to proposal submittal, to resolve the questions.

(3) Non-compliances with the DFARS Proposal Adequacy Checklist and the additional requirements of this provision will require immediate correction. However, completion of the checklist does not relieve the offeror from the responsibility to comply with all applicable regulations and any special requirements of the solicitation.

(4) The offeror is encouraged to flow down this provision to subcontractors/affiliates required to submit certified cost or pricing data in support of this RFP.

(b) The offeror is advised that the contracting officer may find costs associated with revision/rework of inadequate cost proposals unreasonable, and will consider the nature and extent of any proposal inadequacies when assessing/negotiating profit.

(c) In order to preclude delays in negotiations and contract award, the completed PAC submitted with the proposal shall provide a clear explanation for any checklist items not included in the proposal, particularly items not provided based on any of the exceptions to TINA found at FAR 15.403-1(b) and Deviation 2018-O00009.

(d) Cost Proposal Requirements. In addition to the requirements identified in the DFARS PAC, the following also apply to the cost proposal submitted in response to this RFP.

(1) Breakout by Year. If the proposal includes more than one CLIN, the proposal shall include a breakout of CLIN prices by cost element by Contractor Fiscal Year (CFY). At the contracting officer s direction, the breakout by year shall also be provided by: *(select applicable breakouts)*

___ Government Fiscal Year (GFY)

___ Calendar Year (CY)

The proposal shall define the timeframe of the Contractor Fiscal Year (for example, January - December).

(2) If the proposal includes more than one CLIN/subCLIN, recurring/non-recurring costs shall be identified for each CLIN/subCLIN.

(3) When the proposal includes material costs, the proposal shall include a consolidated bill of materials (CBOM) at the total contract level in an electronic, sortable format (Excel spreadsheet or other format approved by the contracting officer).

i. When the amounts proposed in the CBOM include application of escalation, the proposal shall identify the base value, the escalation rate(s) used, and the escalation amount associated with each item escalated.

ii. When the proposed amount is based on historical data which has been adjusted (for example, for differences in quantity), the CBOM shall clearly identify the adjustments made to the historical data and the reason for each adjustment.

(4) All costs proposed on the basis of Cost Estimating Relationships (CER) shall be fully supported. The proposal shall identify the basis for the proposed rate, shall identify the base to which the rate is applied, and shall clearly demonstrate the calculation of proposed costs based on CERs.

(5) For any costs incurred prior to proposal submission, theproposal shall identify actual hours and cost incurred as well ashours/costs to complete and the time phasing associated with thesehours/costs. This information/data shall be provided in atime-phased cost element summary format.

(6) Submission of Historical Actual Costs Incurred. *(Insertin RFPs for follow-on efforts as applicable. The contracting officermay identify specific contracts for which submission of actual costdata is required (for example, the last three lot buys of the sameitem), or may require that the contractor identify its most recentsales of the items to any customers, if the contractor s sales baseis broader than the current buying office. Language may be tailoredto request insight into specific areas of cost (e.g., sustainingengineering hours). However, the contracting officer should takeinto consideration the extent to which the contractor s existingbusiness systems can support requests for granularity in reporting ofactual costs incurred, as well as the potential time and costinvolved in obtaining very detailed or low-level historical actuals.)*

(i) The contractor shall provide the following information for theseprior acquisitions: *[contracting officeridentifies the specific acquisitions for which actual cost data isrequired. Alternately, the contracting officer may require thecontractor to identify prior and current contracts for the same itemscovered in this RFP.]* For these contracts, the contractorshall provide the following information:

a. contract number (including modificationnumber if applicable) or other identifier;

b. contract type;

c. contract quantity;

d. contract price; and

e. actual cost incurred, including a breakoutof actuals as recurring/non-recurring costs. If performance is notcomplete on any of the specified contract actions, provide anestimate to complete and the basis for that estimate.

(ii) The contractor shall also request that its top five major solesource subcontractors provide the information listed in the aboveparagraphs (i) a. through e. on prior contracts for items the primeis purchasing from the subcontractors for this effort. If asubcontractor s information on prior actuals is not included in theprime s proposal, the proposal should identify status andanticipated receipt date(s). If the subcontractor deems theinformation proprietary, the subcontractor may submit the informationdirectly to the contracting officer.

(7) The proposal shall identify those actions where assist auditshave been requested by the prime or sub-tier contractors and identifythe request date and scheduled receipt date for those audits. Theneed for assist audits resulting from proprietary data rightsassertions at any tier shall be identified to the contracting officeras soon as the offeror becomes aware of the need. Governmentperformance of assist audits does not relieve the offeror of theresponsibility to accomplish and provide its price/cost analysis ofthe subcontracts.

(8) If the offeror intends to request Performance-Based Payments(PBP), the offeror s proposal shall include a monthly expenditureprofile, proposed events and their projected completion dates,proposed values for each event, completion criteria for each event,and an identification of each event as severable or cumulative.

(9) Commercial item considerations:

i. The offeror s proposal shall provide support for anysubcontractor Commercial Item Determinations (CID), addressing, at aminimum, the following:

a. A description of the supplies or services;

b. Specific identification of the type ofcommercial item claim (FAR 2.101 commercial item sub-definitions (1)through (8)), and the basis on which the item meets the definition;and

c. For modified commercial items (commercialitem sub-definition (3)), classification of the

modification(s) withsupporting rationale as either:

    1. Of a type customarily available in the commercial marketplace(FAR 2.101 commercial item sub-definition (3)(i)); or

    2. A minor modification of a type not customarily available in thecommercial marketplace made to meet Federal Government requirements(FAR 2.101 commercial item sub-definition (3)(ii)).

Note that per FAR 15.403-1(c)(3)(iii)(B), modifications that meet thedefinition of minor modifications of a type not customarily availablein the commercial marketplace as defined in FAR 2.101, paragraph(3)(ii) of the commercial item definition, will require thesubmission of certified cost and pricing data when the total price ofall such modifications exceeds the greater of the threshold forcertified cost or pricing data (FAR 15.403-4) or 5% of the totalprice of the contract at the time of contract award.

    ii. For proposed subcontract commercial items of a type , or evolved or modified (FAR 2.101 commercial item sub-definitions(1) through (3)), the offeror shall provide a technical descriptionof the differences between the proposed item and the comparison itemand thoroughly address the cost differences between the proposed itemand the comparison item.

    iii. The proposal shall include, or the offeror shall make available,data other than certified cost or pricing data to establish pricereasonableness of the proposed subcontract commercial item (toinclude any modifications not subject to the requirement to submitcertified cost or pricing data) by supplying:

    a. Information/data related to competition, ifcompetition is the offeror s basis for asserting the reasonablenessof the proposed subcontract price.

    b. Information/data related to prices (salesdata, market price assessments, etc.). Note that subcontractors maysubmit sales data directly to the contracting officer if thesubcontractor deems the data proprietary.

    c. The prime contractor s or higher tiersubcontractor s price analysis/price reasonableness determinationfor the commercial subcontract in accordance with FAR 15.404-3(b)(1)and (2).

    d. Cost information/data (cost elementbreakdown and supporting documentation not subject to certificationin accordance with FAR 15.406-2). Instances where cost informationmay be required include but are not limited to commercial itemsoffered but never actually sold to the public, of a type commercial items, or when sales data is limited and/or not recentand/or not for the same/similar quantities.

Note that the preferred method of establishing the pricereasonableness of commercial items is to obtain commercial salesdata. It is recognized that other methods, such as market priceassessment data or evaluation of cost data not subject tocertification, are also acceptable when prior sales data cannot beobtained. Sales data shall (1) demonstrate sales to the generalpublic; (2) be current; and (3) where possible, be in likequantities. Items sold to state, local, or foreign governments oritems sold with applications only to state, local, or foreigngovernment or US Government end items are not considered to be salesto the general public unless the proposed commercial item meets theFAR 2.101 commercial item definition sub-definition (8).

    (10) Additional Cost/Price Proposal Requirements: *(Identify any additionalrequirements applicable to the solicitation, or enter N/A .*

    -If an electronic CBOM providing traceability to the CLIN level, toWBS paragraph, etc. is required, identify that requirement in thisparagraph.

    -If sales data supporting price reasonableness of a commercial item isrequired, use this paragraph to provide specifics as to the level ofdetail and applicable date range(s) of the sales data.

    -If a breakout of basic and options is required, detail thatrequirement here)

Add the following paragraph to provisionL-XXX, Cost Proposal Adequacy and Structure, only when anelectronic version of the cost proposal with active formulas (e.g.,in Excel) is required. This paragraph may be tailored as necessaryto describe the specific requirements of the electronic cost model.

(e) Submission of electronic cost model. *(Tailor as needed for each specificcircumstance. If electronic cost models are required for anysubcontractors or affiliates, identify those requirements within thisparagraph.)* Theproposal submission shall include an electronic cost model withactive formulas demonstrating the mathematical calculation of theproposed cost (in Excel or other format approved by the contractingofficer). The electronic cost model shall include build-up by yearof cost in total and by CLIN/subCLIN, consistent with the yearlybreakout required by paragraph (d)(1) of this provision, or asdirected by the contracting officer. If applicable, the electroniccost model shall link each Work Breakdown Structure (WBS) to theapplicable CLINs. The electronic cost model shall roll up to anannual and total program summary by cost element. All informationsupporting each CLIN should be visible and verifiable in theelectronic cost model. The formulas included in the electronic costmodel shall not be locked, and the model shall be editable by theGovernment.

NOTE: *The blue italicized text above represents instructions for thecontracting officer and should be removed prior to incorporatingSection L into the solicitation.*

See AF PGI 5315.402-90.

See AFMC PGI 5315.402-90.

2. Requesting data/documentation after receipt of the proposal.

a. A contracting officer request for supportingdata/documentation from a contractor (whether verbally or in writing)after proposal receipt, must clearly state what data/documentation isneeded and when it should be provided.

b. If requested data/documentation is notreadily available because of extenuating circumstances (e.g., datathat did not form the basis of the contractor's proposal), thecontracting officer and the contractor should agree in writing as toa reasonable time for submittal of data.

c. Where system generated data is to beprovided, the contracting officer should review the data fields to bereported before the data is generated to ensure a commonunderstanding of what is needed. Inform the contractor that all datarequests will be tracked and will be considered open action itemsuntil the Government concurs that the data has been received and iscomplete.

d. If the data is not provided by the requesteddate or, if applicable, the agreed-to-date, and an acceptableresolution cannot be achieved, the contracting officer must elevatethe issue to appropriate senior contracting management for both theGovernment and the contractor until an appropriate resolution isreached. The contracting officer must document the outcome of theelevation process in writing to include any revised dates for receiptof requested data/documentation. See the DoDSole Source Streamlining Tool Box for the recommended elevationprocess, as well as other streamlining techniques.

e. If, after elevation, an acceptableresolution has not occurred or the contractor fails to provide thedata/documentation within the revised agreed-to date, the contractingofficer may take remedial actions:

 for UCAs,contracting officers should consider reducing or suspending progresspayments (FAR 32.503-6) when the contractor does not submit a timelyqualifying proposal or has otherwise not supported the establisheddefinitization schedule; and/or

 assign anunsatisfactory rating for a singular performance problem, suchas the failure to submit a timely, complete and quality proposal (orsubsequent data submissions), in connection with a UCA when theproblem is of such serious magnitude that it alone justifies anunsatisfactory Contractor Performance Assessment Reporting System(CPARS) rating in the assessment of Management Responsiveness (Block18d(1) for a Systems CPAR) or Business Relations (Block 18d for aNon-Systems CPAR). Ratings must track to the Evaluation RatingsDefinitions found in FAR 42.1503(h)(4).

f. Consistent with the noticegiven to contractors in the provision L-XXX, CostProposal Adequacy and Structure, in situations when thecontractor s original proposal is inadequate and requires revisionor rework, contracting officers should consider whether to recognizeas reasonable any contractor costs associated with therevision/rework effort and must consider the nature and extent of anyproposal inadequacies when negotiating profit.

5315.404-1-90 Pricing Assistance or PricingAssistance Waiver

(b) Requesting PricingAssistance.

(1) Full Pricing Assistance means theprice analyst accomplishes the majority of the pricing effort (e.g.pricing case) for a specific contract action which meets or exceedsthe thresholds identified in AFFARS 5315.404-1-90(a). Submit therequest for pricing assistance to the Pricing Chief (orChief of the Clearance and Program Support office where there is nodesignated Pricing Chief). The contracting officer may also requestfull pricing assistance for actions below the thresholds identifiedin AFFARS 5315.404-1-90(a) when additional pricing expertise isneeded. The Pricing Chief (or Chief ofthe Clearance and Program Support office where there is no designatedPricing Chief) is the approval authority for those requests, on acase by case basis. See the tailorable Requestfor Pricing Assistance or Pricing Assistance Waivertemplate.

(2) Tailored Pricing Assistance may alsobe requested for actions below the mandatory thresholds (or inconjunction with a Pricing Assistance Waiver Request) and will beprovided at the discretion of the Pricing Chief (orChief of the Clearance and Program Support office where there is nodesignated Pricing Chief). See the tailorable Requestfor Pricing Assistance or Pricing Assistance Waivertemplate. Examples of TailoredPricing Assistance that may be available include:

(i) Assistance with completion of the WeightedGuidelines (DD Form 1547)

(ii) Pricing inputs for business/contractclearance

(iii) Cost proposal spreadsheet development/modeling

(iv) Defective pricing

(v) Assistance with structuring Economic Price Adjustment (EPA)clauses

(vi) Assistance with determination of finalprices of incentive contracts

(vii) Claims

(viii) PNM review

(ix) Assistance with/review of reopener clauses

(x) Evaluating Performance Based Payments

(xi) Source selection support, includingdrafting and/or review of Sections L and M, drafting cost sections ofbriefings and reports, and review of pricing volumes of proposals

(xii) Rate and factor reviews when DCMA assistance is not available

(3) Request pricing assistance as early aspracticable in the acquisition process, but no later than receipt ofthe proposal. For large dollar sole source acquisitions, thecontracting officer is expected to consult with the pricing office(or Clearance and Program Support office) to determine whichcomponents of the **L-XXXCost Proposal Adequacy and Structure**provision described in MP5315.4-1.d, should be included in the RFP.

(c) Requesting a PricingAssistance Waiver. Contracting officers may request a PricingAssistance Waiver for acquisitions which meet or exceed the requiredthresholds identified in AFFARS5315.404-1-90(a). Submit the waiver requestto the CAA through the Pricing Chief (orChief of the Clearance and Program Support office where there is nodesignated Pricing Chief). See the tailorable Requestfor Pricing Assistance or Pricing Assistance Waivertemplate**.**

See AFICC PGI 5315.404-1-90.